

2012 -- S 2628

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TOWNS AND CITIES - INDEBTEDNESS OF TOWNS AND CITIES

Introduced By: Senators Shibley, and Kettle

Date Introduced: March 01, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-12-4.4 of the General Laws in Chapter 45-12 entitled  
2 "Indebtedness of Towns and Cities" is hereby amended to read as follows:

3 **45-12-4.4. Borrowing in payment of certain judgments.** -- (a) A city or town may  
4 authorize the issuance of bonds, notes, or other evidences of indebtedness to pay the uninsured  
5 portion of any court judgment or settlement, except any court judgment or settlement arising out  
6 of any pension obligation of a city or town; provided, however, that the outstanding principal  
7 amount, in aggregate, shall not exceed five percent (5%) of the total amount of the city or town's  
8 most recently adopted municipal budget. Notwithstanding the aforementioned, the town of  
9 Coventry is authorized to issue bonds, notes, or other evidences of indebtedness to pay the  
10 uninsured portion of any court judgment or settlement, except any court judgment or settlement  
11 arising out of any pension obligation of a city or town; provided, however, that the outstanding  
12 principal amount, in aggregate, shall not exceed ten percent (10%) of the total amount of the town  
13 of Coventry's most recently adopted municipal budget.

14 (b) These bonds, notes, or other evidences of indebtedness are subject to the maximum  
15 aggregate indebtedness permitted to be issued by any city or town under section 45-12-2.

16 (c) The bonds, notes, or other evidences of indebtedness may be issued to pay a  
17 judgment or settlement or may be issued to pay or refund notes issued under section 45-12-4.1.

18 (d) The denominations, maturities, interest rates, methods of sale, and other terms,  
19 conditions, and details of any bonds or notes issued under the provisions of this section may be

1 fixed by the vote or resolution of the city or town council authorizing them, or if no provision is  
2 made in the vote or resolution, by the treasurer or other officer authorized to issue the bonds or  
3 notes or to hire the money; provided, that the payment of principal of bonds shall be by sufficient  
4 annual payments that will extinguish the debt at maturity, the first of these annual payments to be  
5 made not later than one year, and the last payment not later than fifteen (15) years after the date  
6 of the bonds.

7 (e) The bonds, notes, or other evidences of indebtedness may be issued under this section  
8 by any political subdivision without obtaining the approval of its electors, notwithstanding the  
9 provisions of sections 45-12-19 and 45-12-20 and notwithstanding any provision of its charter to  
10 the contrary, unless the electors when assembled in a meeting are the local legislative body for  
11 the purpose of authorizing indebtedness of the political subdivision.

12 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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RELATING TO TOWNS AND CITIES - INDEBTEDNESS OF TOWNS AND CITIES

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1           This act would increase the amount that the town of Coventry may borrow to finance a  
2 court judgment or settlement from five percent (5%) to ten percent (10%) of Coventry's most  
3 recently adopted municipal budget.

4           This act would take effect upon passage.

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